

2012 BIZ OP SWEEP - OPERATION LOST OPPORTUNITY - CIVIL ACTIONS

<u>Agency</u>	<u>Matter/Case Subject Name</u>	<u>Type of Action</u>	<u>Results of Action</u>	<u>Press Contact</u>
FTC	Shopper Systems	Complaint charges violations of Section 5 of the FTC Act and Business Opportunity Rule	TRO entered 10/31/12 [Case No. 12-23919-Civ-COOKE/TURNOFF, Southern District of Florida]	Frank Dorman 202-326-2674
FTC	Career Advancement Group	Complaint charges violations of Section 5 of the FTC Act	TRO entered 11/02/12 [Case No. 1:12-CV-188-R, Western District of Kentucky]	Frank Dorman 202-326-2674
FTC	The Online Entrepreneur	Complaint charges violations of Section 5 of the FTC Act and Business Opportunity Rule	TRO entered 11/6/12 [Case No. 8:12-cv-2500-T-27MAP, Middle District of Florida]	Frank Dorman 202-326-2674
FTC	American Business Builders	Complaint charges violations of Section 5 of the FTC Act and Business Opportunity Rule	TRO entered [District of Arizona]	Frank Dorman 202-326-2674
FTC/DOJ	Rebate Data Processor	Civil Penalty referral for violation of Section 5 of FTC Act and the Business Opportunity Rule	Civil Penalty referral, complaint filed 11/9/12 [Case No. 3:12-cv-2736, Southern District of California]	Frank Dorman 202-326-2674
FTC/DOJ	Smart Tools, LLC	Civil Penalty referral for violation of Section 5 of FTC Act and the Business Opportunity Rule	Civil Penalty referral, complaint filed 11/9/12 [Case No. 3:12-cv-2006, District of Oregon]	Frank Dorman 202-326-2674
FTC/DOJ	The Zaken Corp	Civil Penalty referral for violation of Section 5 of FTC Act and the Business Opportunity Rule	Civil Penalty referral, complaint filed 11/9/12 [Case No. 3:12-cv-2736, Central District of California]	Frank Dorman 202-326-2674
FTC	North American Marketing and Associates	Section 5 of FTC Act; Telemarketing Sales Rule	Complaint filed; TRO entered 5/5/12	Frank Dorman 202-326-2674
FTC	Abili-Staff Ltd	Section 5 of FTC Act	Stipulated final judgment for \$3.6 million; conduct ban; consumer redress of approximately \$729,000 being provided to approximately 75,000 consumers	Frank Dorman 202-326-2674
FTC	American Entertainment Distributors	Section 5 of FTC Act; Franchise Rule	FTC is mailing 454 refund checks for \$2.9 million returned to consumer victims. The FTC has resolved its claims against nine of the ten defendants (permanent injunction against one defendant, settlements with five defendants, and default judgments against three other defendants).	Frank Dorman 202-326-2674
FTC	FTC v. Infusion Media ("Google Money Tree")	Section 5 of FTC Act	FTC mailing 93,086 refund checks totaling nearly \$2.3 million	Frank Dorman 202-326-2674
FTC	John Beck Amazing Profits, LLC	Section 5 of FTC Act; Telemarketing Sales Rule	Court entered \$478 million judgment against defendants	Frank Dorman 202-326-2674
Arizona Attorney General's Office	<i>In Re Matter of 3XP Web Solutions, LLC; Garette Craig; Anabel Craig</i> ; Case No. CV2011-021567/Phoenix AZ metro area/ December 8, 2011	Assurance of Discontinuance filed; misrepresentations in the sale of web-based businesses and unregistered telemarketing.	Assurance of Discontinuance obtained against business and owners of biz opp agreeing to no longer participate in a telemarketing business to or from Arizona and \$30k in restitution to victims.	Amy Rezzonico (602) 542-8019 Amy.rezzonico@azag.gov
Arizona Attorney General's Office	<i>In re Matter of Joel Kellman dba America's Webmall LLC</i> /Case No. CV2011-019223/Scottsdale, AZ/November 3, 2011	Assurance of Discontinuance filed; misrepresentations in the sale of web-based businesses and unregistered telemarketing.	Assurance of Discontinuance obtained against owner of biz opp agreeing to no longer participate in a telemarketing business	Amy Rezzonico (602) 542-8019 Amy.rezzonico@azag.gov

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Arizona Attorney General's Office	<i>State of Arizona v. Chelliah, et al; 25 business and individual defendants named including Economic Freedom Corp, DW Scott, Franklin Financial and many others/C V2012-009717/Phoenix metro area, AZ and Anaheim, CA/June 29, 2012</i>	Civil action and TRO filed against group of related telemarketing businesses along with owners and managers; alleging misrepresentation in the sale of web-based businesses and advertising; and unregistered telemarketing	Temporary Restraining Order issued on June 29, 2011 freezing companies' and individuals' assets. A Preliminary Injunction is currently in place pending final outcome of the case.	Amy Rezzonico (602) 542-8019 Amy.rezzonico@azag.gov
Arizona Attorney General's Office	<i>State of Arizona v. Full Speed Funding LLC, First Source Marketing, LLC; Allan Farris; Estil Wallace /Case No. CV2011-016251/Phoenix, AZ/September 6, 2011</i>	Civil action naming companies and owners alleging misrepresentations in sales of web-based businesses and advertising; and unregistered telemarketing	Default judgment obtained against companies and one owner, former owner signed Consent Judgment prohibiting future telemarketing from or to Arizona and some restitution to consumers May 11, 2012.	Amy Rezzonico (602) 542-8019 Amy.rezzonico@azag.gov
Arizona Attorney General's Office	<i>State of Arizona v. Global Web Exchange LLC; Stacia Best; Danette Brown /Case No. CV2012-008955/Phoenix, AZ/June 4, 2012</i>	Civil action naming companies and owners alleging misrepresentations in sales of web-based businesses and advertising; and unregistered telemarketing	Consent Judgment obtained against all defendants July 9, 2012 prohibiting future telemarketing to for from Arizona and restitution for consumers.	Amy Rezzonico (602) 542-8019 Amy.rezzonico@azag.gov
Arizona Attorney General's Office	<i>State of Arizona v. Higher Impact, LLC; Stephanie Davis; Adrien Pirtle /CV2012-008644/Phoenix, AZ/May 23, 2012</i>	Civil action naming companies and owners alleging misrepresentations in sales of web-based businesses and advertising; and unregistered telemarketing	Consent Judgment obtained against all defendants June 29, 2012 prohibiting future telemarketing to for from Arizona and \$250,000 in restitution for consumers.	Amy Rezzonico (602) 542-8019 Amy.rezzonico@azag.gov
Arizona Attorney General's Office	<i>State of Arizona v. Solid Ad Solutions, LLC, et al/ Case No. CV2011-019787/Phoenix, AZ/ November 14, 2011</i>	Civil action naming 3 related businesses, 3 owners and 4 managers/salespersons alleging misrepresentations in sales of web-based businesses and advertising; and unregistered telemarketing	Obtained entry of default against some defendants and are proceeding with litigation with the remaining defendants.	Amy Rezzonico (602) 542-8019 Amy.rezzonico@azag.gov
California Department of Corporations	California Corporations Commissioner vs. Pop Physique, LLC, Jennifer Dodge Williams, and Deric L. Williams; File Number 11549; Los Angeles California; May 29, 2012.	Desist and Refrain Order against Pop Physique based on unregistered offer and sale of franchises that grant the right to franchisees to operate ballet and fitness class studios.	Pop Physique ordered to desist and refrain from the further offer and sale of franchises unless the offers are registered or exempt from registration.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov
California Department of Corporations	<i>California Corporations Commissioner vs. Caffino Franchise Corporation aka Caffino Inc. ; File Number 11758; Sacramento, California; August 22, 2012.</i>	Desist and Refrain Order against Caffino Franchise Corporation based on unregistered offer and sale of franchises that grant the right to franchisees to operate drive-thru coffee bars.	In this pending matter, Caffino Franchise Corporation ordered to desist and refrain from the further offer and sale of franchises unless the offers are registered or exempt from registration.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov

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California Department of Corporations	<i>California Corporations Commissioner vs. Garlic Jim's Franchise International, Inc., and Dwayne Northrup</i> ; File Number 8769; Los Angeles, California; December 6, 2011.	Administrative Action against this Washington-based corporation based on the offer and sale of franchises in violation of registration conditions that required Garlic Jim's to complete all of its initial obligations to franchisees prior to receiving the initial franchise fees from them. Additionally, the Action stated that Garlic Jim's misrepresented its compliance with these registration conditions, to the Commissioner, and to prospective franchisees.	Stipulation and Agreement entered into between the Commissioner and Garlic Jim's on February 21, 2012, requiring Garlic Jim's to: 1) give franchisees the option to terminate their franchises, 2) refund initial franchise fees to franchisees, 3) pay the Commissioner's attorney's fees of \$12,500, 4) pay penalties in the total amount of \$70,000, and 5) submit a compliance report evidencing refunds of initial franchise fees and franchise terminations.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov
California Department of Corporations	<i>California Corporations Commissioner vs. Home Video Franchise Corporation doing business as Home Video Studio, and Robert Hanley</i> ; File Number 11086; Los Angeles, California; May 18, 2012.	Citation and Desist and Refrain Order against Home Video Studio based on the unregistered offer and sale of a franchise that grants the right to operate and market a home business that provides video production, editing, duplication, DVD conversion, tape repair, and related services.	Home Video Studio ordered to desist and refrain from the further offer and sale of franchises unless the offers are registered or exempt from registration; and Home Video Studio ordered to pay an administrative penalty of \$2,500.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov
California Department of Corporations	<i>California Corporations Commissioner vs. Hound Mounds, Inc. doing business as Poop 911, and Geoffrey Lawrence Bodle</i> ; File Number 11524; Los Angeles, California; June 28, 2012.	Desist and Refrain Order against Poop 911 based on unregistered offer and sale of franchises that grant the right to franchisees to dispose of dog waste.	Pursuant to a Stipulation, Poop 911 ordered to desist and refrain from the further offer and sale of franchises unless the offers are registered or exempt from registration.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov
California Department of Corporations	<i>California Corporations Commissioner vs. IHP, Inc. doing business as Cherry on Top</i> ; File Number 11657; Los Angeles, California; September 19, 2012.	Citation, Desist and Refrain Order, and Claims for Ancillary Relief against Cherry on Top based on misrepresentations and unregistered offers and sales of franchises that grant the right to operate a frozen yogurt restaurant.	Cherry on Top ordered to desist and refrain from the further offer and sale of franchises unless the offers are registered or exempt from registration. Cherry on Top also ordered to: 1) pay an administrative penalty of \$10,000, 2) allow franchisees to rescind, and 3) pay restitution to franchisees in the amount of the full franchise fee. This case is pending an administrative hearing.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov
California Department of Corporations	<i>California Corporations Commissioner vs. Pho Citi Franchising Company, Myong Bok Lee, and Kyung Park</i> ; File Number 11357; Los Angeles, California; July 30, 2012.	Citation including Desist and Refrain Order, Assessment of Administrative Penalties, and Claims for Ancillary Relief and Costs against Pho Citi based on alleged failures to provide disclosure documents, misrepresentations, and unregistered offers and sales of franchises that grant the right to operate a Vietnamese-style restaurant.	In this pending action, Pho Citi ordered to desist and refrain from the further offer and sale of franchises unless the offers are registered or exempt from registration. Pho Citi also ordered to: 1) pay an administrative penalty of \$87,500, 2) rescind any and all franchise agreements, 3) pay restitution to franchisees in the total amount of \$280,000, and 4) pay attorney's fees of \$10,000. This case will be heard in administrative court on December 18 and 19, 2012.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov
California Department of Corporations	<i>California Corporations Commissioner vs. Window World, Inc.</i> ; File Number 11304; Los Angeles, California; November 29, 2011	Desist and Refrain Order against Window World, Inc. based on unregistered offer and sale of franchises that grant the right to franchisees to sell and install windows for residential and commercial use.	Window World, Inc. ordered to desist and refrain from the further offer and sale of franchises unless the offers are registered or exempt from registration.	Patty Salazar (916) 322-8899 psalazar@corp.ca.gov

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Colorado Attorney General's Office	<i>State of Colorado ex rel. John W. Suthers, Attorney General v. Consolidated Medical Services, LLC and Joseph Benedetto</i> , Case No. 2012CV1394, District Court for the City and County of Denver, September 6, 2012.	Final Consent Judgment entered. Case involved fraudulent and illegal promotion of opportunity to earn commissions from selling health insurance over the Internet.	Defendant ordered to pay \$250,000 in fines, penalties, restitution, and costs and fees; ordered to honor all written guarantees; and permanently enjoined from operating affiliate marketing programs relating to health insurance or other health-care related products or services.	Carolyn Tyler, 303-866-5632, Carolyn.Tyler@state.co.us
Indiana Attorney General's Office	<i>State v. All American Web Consulting</i>	Civil Complaint for Injunction, Restitution, Costs, and Civil Penalties	Filed November 13, 2012	Erin Reece Office of the Indiana Attorney General 317.232.0168 office erin.reece@atg.in.gov
Indiana Attorney General's Office	<i>State v. Wasatch Summit, LLC, doing business as, Professional Marketing International and PMI Coaching</i>	Civil Complaint for Injunction, Restitution, Costs, and Civil Penalties	Filed November 13, 2012	Erin Reece Office of the Indiana Attorney General 317.232.0168 office erin.reece@atg.in.gov
Indiana Attorney General's Office	<i>State v. Sean Moriarty, individually and doing business as All Value Network</i>	Civil Complaint for Injunction, Restitution, Costs, and Civil Penalties	Filed November 13, 2012	Erin Reece Office of the Indiana Attorney General 317.232.0168 office erin.reece@atg.in.gov
Ohio Attorney General's Office	<i>State of Ohio ex rel AG DeWine v. Novus North, LLC, Apply Knowledge, LLC, and VI Education, LLC</i> Clark County Court of Common Pleas	Civil Complaint for violations of Ohio's Telephone Solicitation Sales Act, Business Opportunity Purchaser's Protection Act and Telephone Consumer Protection Act	Filed November 15, 2012	Mark Moretti Public Information Offc 614-728-4127 Mark.moretti@ohioattorneygeneral.gov
USPIS	Cash Pool	Administrative Action	Cease & Desist Order (9/14/2012)	Acting Assistant Inspector in Charge Paul Krenn (202) 268-7086
USPIS	Daniel Hilf	Administrative Action	Cease & Desist Order (4/30/2012)	Acting Assistant Inspector in Charge Paul Krenn (202) 268-7086
USPIS	David Bendah	Administrative Action	Cease & Desist Order (7/18/2012) False Representation Order (7/18/2012)	Acting Assistant Inspector in Charge Paul Krenn (202) 268-7086
USPIS	Davidson Enterprises	Administrative Action	Cease & Desist Order (2/29/2012)	Acting Assistant Inspector in Charge Paul Krenn (202) 268-7086
USPIS	Gloria Ball	Administrative Action	Cease & Desist Order (8/23/2012)	Acting Assistant Inspector in Charge Paul Krenn (202) 268-7086

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USPIS	Jack Randall	Administrative Action	Cease & Desist Order (9/25/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Jemario Davidson	Administrative Action	Cease & Desist Order (2/29/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Jeremy Bosotina	Administrative Action	Cease & Desist Order (8/28/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Margaret Louise Randall	Administrative Action	Cease & Desist Order (9/25/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Mass Marketing	Administrative Action	Cease & Desist Order (9/14/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Profitmax	Administrative Action	Cease & Desist Order (8/28/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Tammy Palmertree	Administrative Action	Cease & Desist Order (5/10/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Top Level Marketing	Administrative Action	Cease & Desist Order (8/28/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	William Hull	Administrative Action	Cease & Desist Order (8/23/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086
USPIS	Thomas Howard Mann	Administrative Action	Cease & Desist Order (4/19/2012)	Acting Assistant Inspector in Chage Paul Krenn (202) 268-7086